

AR12

Intermetco  
Limited  
Annual Report  
1974





1974; a year  
of fruition  
and promise



Intermetco's new head offices will occupy a complete floor in the Bank of Montreal pavilion, in the ultra modern Lloyd D. Jackson Square in the heart of downtown Hamilton.

### Financial Highlights

	1974	1973
Sales	\$104,041,000	\$47,024,000
Net Income	\$ 4,226,000	\$ 785,000
Per Share	\$2.99	56¢
Cash Flow	\$ 5,561,000	\$ 1,570,000
Per Share	\$3.94	\$1.11
Working Capital	\$ 4,702,000	\$ 1,913,000
Shares Outstanding	\$ 1,412,036	\$ 1,410,036

### Contents

President's Report	1
Divisional Review	2
Financial Statements	12
Directors and Officers	21



# President's message

Your company achieved a record level of sales and income during 1974. Several factors contributed to these gratifying results.

It was, in part, a fruition of your company's planning and investments over recent years. From 1969 through 1974, over \$12 million has been invested in plant equipment and the acquisition of operating companies.

The recycling of metals remains the largest segment of our business and this market was in an exceptionally healthy state during 1974. Our tonnage sales to steel makers and processors increased by 15% over the previous year's level. Demand for steel brought prices for recycled material to unprecedented levels.

In this period of rapid price change, inventory values become extremely important. In 1972, we adopted a "base stock" inventory system for ferrous metals, to replace the "first in-first out" concept used previously. Using this evaluation method, the lower of the quantities of material on hand at November 1, 1972 and October 31, 1974, is valued at the cost prevailing in 1972. Inventory quantities over the 1972 base level are valued at the most recent moving average cost. The affect of adopting the base stock method has been to eliminate 1974 inventory profits from price changes in the amount of \$286,000 after taxes.

The year's excellent results in the metals recycling division can also be credited to subsidiary acquisitions in the last two years and the expansion of facilities to collect, process, and market the recycled materials. During 1974, plans were made for continued expansion and acquisitions in the future.

We also made substantial gains in our Pipe Division. The expansion of

the product line and distribution facilities together with strong world demand, brought this encouraging result.

The year 1974 also saw continuing growth in our Waste Management sector, although this operation is particularly vulnerable to cost escalations. We have been especially encouraged by the tremendous growth in the dollar volume of our subsidiary G. W. Ramm Company Limited, since its acquisition in 1973.

At the same time, our manufacturing division, General Refrigeration achieved very satisfactory growth, both in terms of sales and profits. Much of this growth can be attributed to vigorous development of the supermarket and chain store potential.

As a result of the year's successful operations, Intermetco declared its initial dividend in October—15¢ a share, together with a special supplementary dividend of 10¢ per share, so that our investors may share in the successful outcome of the year's activities.

During the past year, we continued in the corporate development program to sustain your company's growth through the seventies. We are alert of new opportunities in fields compatible with our present lines of endeavour.

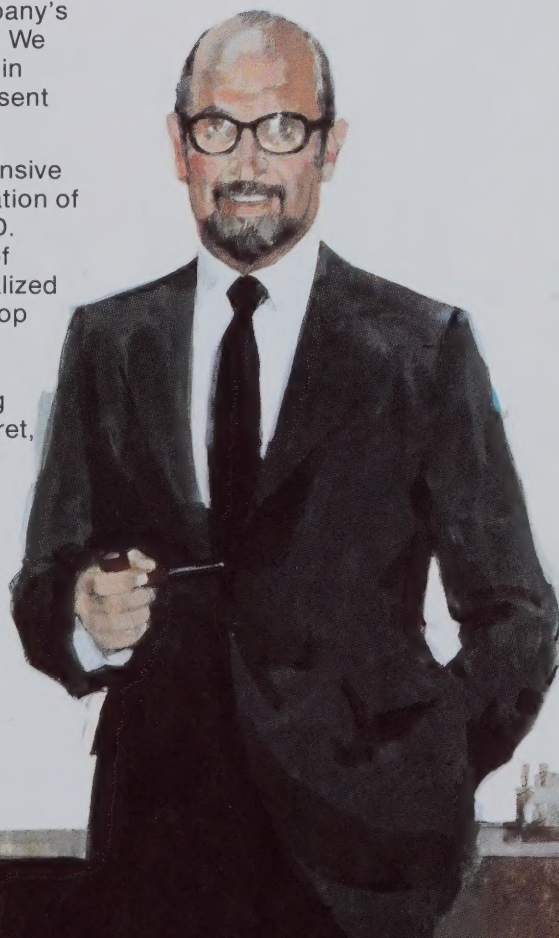
Perhaps symbolic of our expansive view of the future is the relocation of Intermetco's offices to Lloyd D. Jackson Square in the heart of Hamilton. During 1974 we finalized arrangements to occupy the top floor of the Bank of Montreal Pavilion. The move from our Robert Street location is being made with some nostalgic regret, but we are convinced that the new and larger premises will provide for the efficient operation that is vital in today's business world. Moreover, it will be an appropriate environment for the next phase of your company's growth.

The outlook for the general economy in Canada is somewhat uncertain for 1975. In spite of this we expect to maintain our current volume of business although reported dollar sales will decline due to lower prices. Our anticipated profits for 1975 should fall short of the record levels realized in the latter part of 1974, but will compare favourably with our earnings experience in the first half of the year.

On behalf of the Management Committee, I would like to express Intermetco's appreciation to it's customers for their continued confidence during 1974. And, I would particularly like to thank our employees for their whole-hearted efforts, during the past year. As always, their contribution has been the most vital factor in the company's progress. With their continuing dedication, I am fully confident that Intermetco will sustain it's growth and make the most of future opportunities.

*M. E. Goldblatt*

Marvin E. Goldblatt  
President





# Metals recycling to expand supply and conserve resources

Metals recycling is an increasingly important segment of Canada's steel industry. This trend has developed through a combination of economic, technological and environmental factors.

Society is realizing its responsibility to conserve non-renewable resources such as iron ore and coal to provide for future generations. Moreover, it requires 74 percent less energy and 40 percent less water to process recycled steel, compared with making steel from ore. Air pollution has been measured to decrease by 86 percent and water pollution by 76 percent.

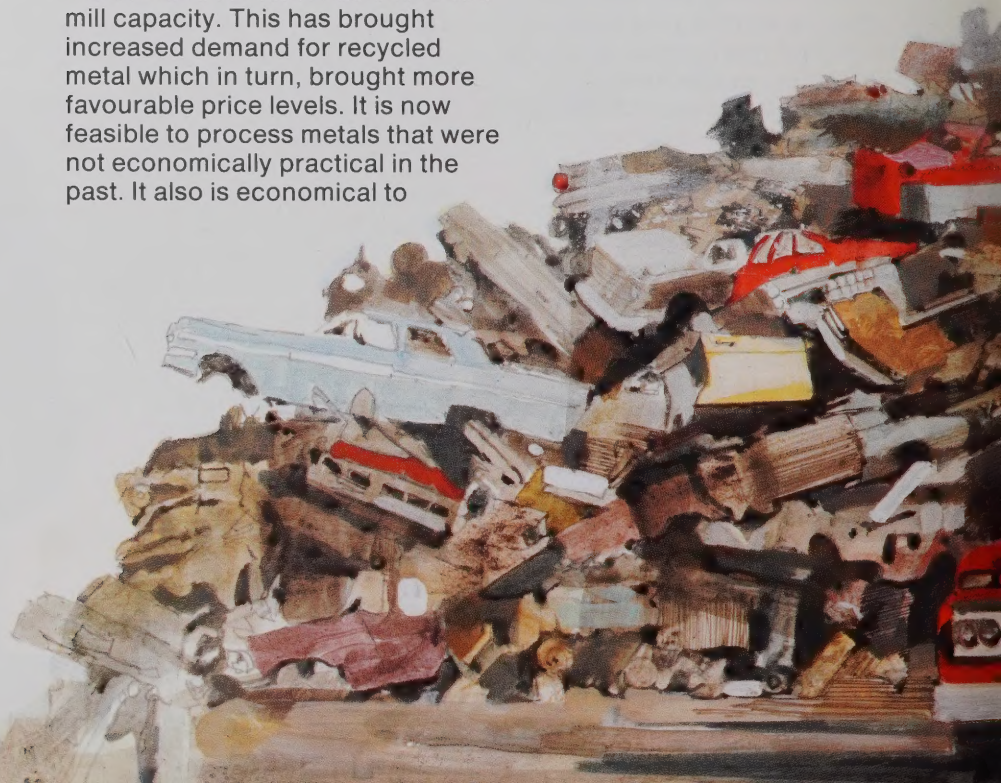
It could be argued that only economics stand in the way of virtually one hundred percent recycling. Presently, the proportion is increasing, and will continue to do so as long as the sales produce a reasonable profit for the recycling company and the product sold is competitive to other materials available to the consuming mill or foundry.

The conservationist welcomes the recycling trend for yet another reason. Discarded cars, appliances and other products that formerly rusted away as environmental eyesores, are now being collected, processed and converted into new steel. The environmental logic of recycling has been reinforced by economic factors. In recent years, the demand for steel has exceeded mill capacity. This has brought increased demand for recycled metal which in turn, brought more favourable price levels. It is now feasible to process metals that were not economically practical in the past. It also is economical to

transport ferrous materials longer distances than could be justified by the lower prices of several years ago.

Improving technology is giving impetus to this trend. For example, it takes only seconds for Intermetco's fragmentizer to process an obsolete automobile into fist-size chunks of steel. Moreover, this installation separates various metals and other materials and removes contaminants to produce "Intron" steel that is 98 percent pure. While equipment such as this represents a heavy capital investment, the speed and efficiency are contributing greatly to the conservation of Canada's resources through recycling. There are two major sources for recycled metals. In 1974, some 70 percent of Intermetco's volume came from the recycling of manufactured products such as obsolete automobiles and appliances. The balance consisted of "prompt scrap" generated by manufacturing industries. Intermetco collects this material from companies throughout Eastern Canada and bordering U.S. states. Already Canada's largest company in the metals recycling industry, Intermetco has made several recent moves to expand facilities.

In 1974, Intermetco purchased an interest in a long-established metals recycling company in Windsor, Ontario. This will do much to ensure



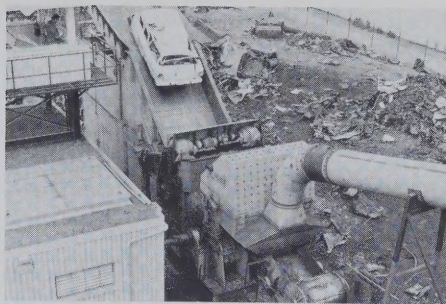


availability of raw materials and processed product in coming years.

Late in 1974, Intermetco made an agreement in principle to acquire 50 percent ownership of Ferrobec Ltée of Montreal. This company collects and crushes steel turnings, which are sold to steel mills and the ferro-alloy industry.

Also, in 1974, Intermetco, together with the Steel Company of Canada Limited began installation of an ultra modern metals recycling centre in La Prairie, Quebec; with Intermetco assuming management responsibilities. This company, known as Fers et Metaux Recyclés Ltée, will be in full operation early in 1975.

There is a positive and promising long term outlook for our division. The trend to recycling will accelerate, although fluctuating prices for processed metals will



Giant fragmentizer at Intermetco's Hamilton facility for complete separation of obsolete automobile materials.

undoubtedly affect the rate of growth. What was once regarded as "scrap" is now seen for what it is; an invaluable above-ground mine with tremendous potential for further development. It is in Canada's best interest that this potential be developed, to expand steel supply while conserving natural resources for future generations.

A stylized, handwritten signature in dark ink, appearing to read "Harry K. Brown".

Harry K. Brown  
General Manager  
Metals Recycling Division



Special portal crane recently installed at Fers & Metaux operation in Montreal.





# Waste management to control disposal costs and preserve the environment

It is ironic that the abundant life presents society with one of our most crucial problems; the disposal of waste.

It has been estimated that Canada produces as much as five pounds of solid waste a day, for every man, woman and child in the country. Conservationists deplore the waste of such resources as paper, steel, and petroleum-based plastics. They are equally concerned about the open dumps that can still be found throughout the country. Moreover, as major population centres grow, the cost of disposal mounts as waste must be transported increasing distances.

Clearly, this is a crucial field with exciting potential. Through it's waste management division, Intermetco is helping to meet the problem.

The division, being specialists in transportation, collects waste from a wide variety of commercial and industrial companies throughout Southern Ontario. We also provide residential collection and disposal services for a number of municipalities. Containerized carriers and other modern concepts are used to achieve maximum efficiency, in terms of both economics and ecology. We presently operate a seventy acre industrial landfill site near Oshawa, Ontario which enables us to provide a valued and unique service to industry in that area. This landfill



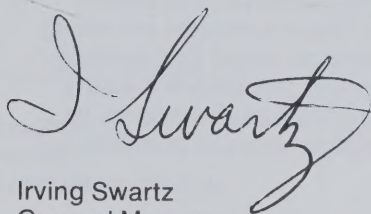


site will ultimately be available for development, appropriate to the surrounding environment.

In 1973, we acquired G. W. Ramm Company Limited in Mississauga, Ontario. In the past year, a concentrated sales effort resulted in achieving the growth potential we envisioned at the time of purchase. New market areas must be developed to continue this expansion program.

The expansion of our waste management division coincides with rapid development of new technology that holds great promise. A trend to recycling is inevitable, but the economics are prohibitive for the private sector, unless government assistance can close the gap between processing costs and the market value of recycled materials.

In the meantime, we will be working closely with government in its development of recycling methods and facilities. We are also pursuing a research effort to speed the day when recycling becomes the practical answer to one of society's most pressing problems.



Irving Swartz  
General Manager  
Waste Management Division



Compactor trucks are equipped with hydraulic front-end loading lifts.



Recently acquired G. W. Ramm operation in Mississauga, adds to waste management activities.





## Steel pipe... a growing market

The Pipe Division of Intermetco has experienced solid and steady growth since becoming a public company in 1969. The world market demand for all steel products in 1974 allowed this division to expand into markets where trading previously was not possible. This factor plus past investment in distribution facilities and inventory enabled the company to fully capitalize on the market opportunities.

The outstanding sales growth can also be credited to a steady expansion of the product range over recent years. We now distribute a comprehensive range of prime and secondary structural pipe piling to both the domestic and export markets. These products are widely used in bridge, wharf and building construction. The inherent safety and efficiency benefits offered by the steel pipe concept promises a

growth in long-term demand. This is especially so in the case of steel piling where there is a growing tendency to leave it in place as a structural component, as well as a jacket for the concrete core.

The division has diversified into other product lines compatible with the basic field of steel piling. These include sheet piling and wide flange beams.

We are the exclusive U.S. distributor for a line of Canadian-made hollow steel sections. There is strong demand for this product, in part due to the legislated requirement for roll-over safety frames of farm tractors. We are currently negotiating with agricultural equipment manufacturers in the United States and expect a healthy long-term marketing climate for this product line.

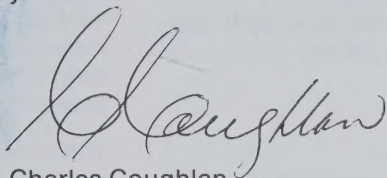
To meet the needs of the varied markets for these products, we distribute through warehousing facilities in the United States, in addition to our principal storage depots in Hamilton and Montreal.



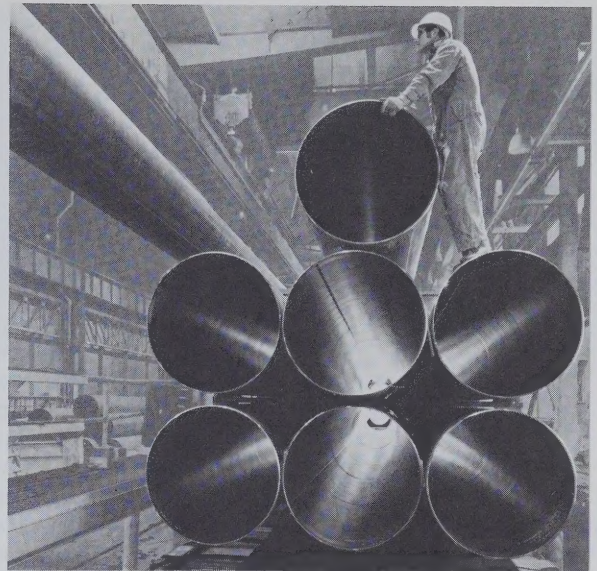


Through the steel pipe division, Intermetco is a growing factor in the global commodities market, especially within the steel industry. Our international contacts have proven beneficial in the procurement of curcial commodities, on behalf of companies in several countries throughout the western world.

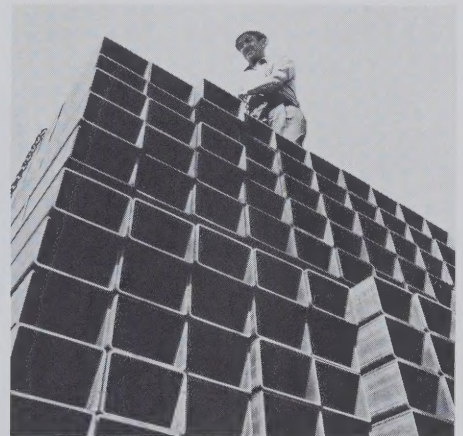
In forecasting probable 1975 results, we are mindful of the current decline in construction products. However, the diversification of the divisions product range should contribute to satisfactory results in the coming year.



Charles Coughlan  
General Manager  
Steel Pipe and Piling Division



Broad range of prime and secondary structural pipe is marketed to domestic and export markets.



Hollow steel sections are being used in varied applications by manufacturers in U.S.A.





## Refrigeration units and display systems designed for modern merchandising

Intermetco responds to the demand for an all-Canadian manufacturer and supplier of modern food merchandising equipment.

General Refrigeration of Canada is the fastest growing manufacturer of commercial refrigeration units, walk-in coolers, freezers and supermarket shelving. This growth was reflected in 1974 by a sales gain of 45 percent and a profit return commensurate with Intermetco's investment. These significant advances are a tribute to the people at General, who are knowledgeable, dedicated and achievement-oriented. Economic stability has been attained through the development of a broad and strong product line base, which

includes, over 50 models of refrigeration display cases. The quality of our engineered, pre-fabricated walk-in coolers, freezers and refrigerated warehouses has established General Refrigeration as a leader in the industry. Our close working collaboration with the major chains has provided this division with invaluable in-depth understanding of their needs. From this has come imaginative design, sound engineering and precision quality control that is earning expanding sales throughout Canada.

Efforts are on the way to capture a larger share of the steel shelving market. Our progress to date with the major chain stores has created a solid base for future market penetration.

The division's manufacturing facility is a fully integrated 75,000 sq. ft.







Specialized refrigeration equipment is being used in a wide range of merchandising outlets.

plant in Downsview, Ontario. Effective utilization of plant capacities assures efficient service for our expanding dealer network.

The research development and engineering staff are effecting innovative product advances that satisfy Canadian and foreign requirements.

With major emphasis on quality, performance and exceptional service, General Refrigeration will realize its anticipated potential in the coming years.

*Richard Distefano*

Richard Distefano  
General Manager  
General Refrigeration  
of Canada



Rigorous quality control is vital at General Refrigeration, Downsview, Ontario manufacturing facility.





# Corporate planning

A future of continuing growth

This has been a period of remarkable growth for Intermetco. One measure of this growth has been a sales increase over the past six years from \$28 million to well over \$100 million.

Our investment and diversification programs over recent years brought exceptional results during 1974. As indicated on earlier pages, we took major steps during the past year to provide for continuing growth.

We will continue to seek new opportunities in fields that offer a promise of growth. As in the past, our expansion program will be in fields compatible with our present

operations. This will ensure that we can most fully profit from our management strengths, technical skills, and close working relationships developed in markets over the years.

We see special promise in expansion of our involvement in the metals industry-particularly with the impending growth of Canada's steel producers.

Environmental factors are paramount in both our recycling and waste management operations. These suggest further avenues for growth. There can be no doubt that protection of the environment will be of increasing concern to





Canadians. We believe that our experience provides the opportunity to make an even more significant contribution in this important field.

Future growth will follow the pattern of recent expansion; development of our own potential together with the acquisition of other companies compatible with our long-term objectives. We will continue to favour acquisitions that bring a strong nucleus of capable people who see challenging and rewarding opportunities with Intermetco.

We are increasingly aware of the truth that people are indeed the most important resource of any

business enterprise. And we are fortunate indeed, in the calibre and dedication of long-standing Intermetco employees, as well as those who have joined us through recent acquisitions.

We have every confidence that Intermetco has the resources, the management capabilities, and above all, the people to sustain the impressive growth of past years through the coming decades.

Intermetco's management group consists of Marvin E. Goldblatt, President; Abby M. Goldblatt, Executive Vice-President; Douglas L. Warner, C.A., Secretary-Treasurer; Gregory F. Carter, Director of Corporate Planning; John J. Stortz, C.A., Assistant to the President.





Intermetco  
Limited  
and subsidiary  
companies

Consolidated Statement  
of Income and Retained Earnings

for the year ended October 31, 1974

	1974 \$	1973 \$
SALES (Note 9)	104,041,488	47,024,336
COST OF SALES AND OPERATING EXPENSES (Note 9)	95,702,967	45,608,912
	8,338,521	1,415,424
OTHER INCOME (Note 10)	104,044	55,432
	8,442,565	1,470,856
PROVISION FOR INCOME TAXES	4,186,209	686,018
	4,256,356	784,838
EQUITY IN NET LOSS FOR THE YEAR OF CORPORATE JOINT VENTURE (Note 1)	(30,482)	—
NET INCOME FOR THE YEAR (Notes 2 and 11)	4,225,874	784,838
RETAINED EARNINGS—BEGINNING OF YEAR	2,350,784	1,565,946
	6,576,658	2,350,784
Less: Dividends paid	352,509	—
RETAINED EARNINGS—END OF YEAR	6,224,149	2,350,784



Intermetco  
Limited  
and subsidiary  
companies



## Consolidated Statement of Source and Use of Funds

for the year ended October 31, 1974

	1974 \$	1973 \$
<b>SOURCE OF FUNDS</b>		
Net income for the year	4,225,874	784,838
Items not affecting working capital—		
Depreciation	1,108,068	770,430
Gains on sale of fixed assets	(79,502)	(109,177)
Deferred income taxes	141,100	123,670
Equity in losses of corporate joint ventures	165,052	—
Provided from operations	5,560,592	1,569,761
Proceeds on sale of fixed assets	287,366	615,636
Increase in long-term debt	2,092,690	1,038,885
Increase in current deferred income taxes	183,030	—
Proceeds from stock option exercised	7,900	3,950
Sundry items	—	42,343
	8,131,578	3,270,575
<b>USE OF FUNDS</b>		
Dividends paid	352,509	—
Excess of cost of subsidiaries over net book value	—	368,353
Investment in corporate joint ventures	800,750	—
Purchase of fixed assets	2,114,634	2,762,626
Debentures purchased for cancellation	16,940	132,623
Repayment of long-term debt	1,977,671	439,132
Sundry items	80,325	—
	5,342,829	3,702,734
<b>INCREASE (DECREASE) IN WORKING CAPITAL</b>	2,788,749	(432,159)
<b>WORKING CAPITAL—BEGINNING OF YEAR</b>	1,912,952	2,345,111
<b>WORKING CAPITAL—END OF YEAR</b>	4,701,701	1,912,952



Intermetco  
Limited  
and subsidiary  
companies

# Consolidated Balance Sheet

as at October 31, 1974

Assets	1974	1973
	\$	\$
Current Assets		
Cash	2,405,105	139,729
Accounts receivable (Note 4)	14,847,616	8,437,778
Inventory (Note 2)	5,092,298	3,452,603
Deferred income taxes	183,030	—
Prepaid expenses	122,987	120,098
	22,651,036	12,150,208
Investment in Corporate Joint Ventures (Note 1)	635,698	—
Fixed Assets		
Land, buildings and equipment— less accumulated depreciation (Note 3)	8,551,967	7,855,972
Other Assets		
Excess of cost of subsidiaries over net book value of assets acquired	1,655,897	1,655,897
Sundry	361,651	281,327
	2,017,548	1,937,224
	33,856,249	21,943,404

SIGNED ON BEHALF OF THE BOARD

*M. E. Goldblatt*

Director

*A. M. Goldblatt*

Director





Liabilities	1974	1973
	\$	\$
Current Liabilities		
Bank advances (Note 4)	4,623,965	4,334,905
Accounts payable and accrued liabilities	9,582,821	5,334,596
Income and other taxes payable	3,609,049	378,200
Current portion of long-term debt (Note 5)	133,500	189,555
	17,949,335	10,237,256
Long-term Debt (Note 5)	3,815,075	3,716,996
Deferred Income Taxes	1,014,985	690,855
	22,779,395	14,645,107
Shareholders' Equity		
Capital Stock (Notes 5 and 6)		
Authorized		
3,000,000 Shares of no par value		
Issued and fully paid		
1,412,036 Shares	3,975,186	3,967,286
Retained Earnings	6,224,149	2,350,784
Contributed Surplus	51,035	51,035
Excess of Appraised Values of Land and Buildings over Depreciated Cost	826,484	929,192
	11,076,854	7,298,297
	33,856,249	21,943,404



# Intermetco Limited and subsidiary companies

## Notes to Consolidated Financial Statements

for the year ended October 31, 1974

### 1. BASIS OF CONSOLIDATION

The consolidated financial statements include the accounts of the company and all of its subsidiaries. During the year, the company invested in two corporate joint ventures. On January 30, 1974, twenty-five percent of the outstanding common shares of J. Kovinsky & Sons, Limited was purchased for \$200,000 cash. On June 30, 1974, fifty percent of the outstanding common shares of the newly-formed company, Fers et Metaux Recycles Ltee.—Iron and Metal Recycling Ltd., was acquired for \$600,000 cash. These investments are shown separately on the balance sheet as investments in corporate joint ventures. The equity in operating results since acquisition of Fers et Metaux Recycles Ltee. are included in the statement of income. The equity in the net loss since acquisition of J. Kovinsky & Sons, Limited is shown separately on the statement of income. The investment in these corporate joint ventures is as follows:

	Fers et Metaux Recycles Ltee. \$	J. Kovinsky & Sons, Limited \$	Total \$
Cost of shares			
Portion applicable to underlying book value of net assets	600,750	90,153	690,903
Excess of cost of shares over underlying book value of net assets at acquisition	—	109,847	109,847
	600,750	200,000	800,750
Equity in losses since acquisition	131,445	30,482	161,927
Dividends received	—	3,125	3,125
	469,305	166,393	635,698

### 2. INVENTORIES

Ferrous secondary metals are valued using the base stock method whereby the lower of the quantity of materials established as base inventory and that at October 31, 1974 are valued at the cost prevailing at November 1, 1972. Quantities in excess of the base levels are valued at the lower of the most recent moving average cost and net realizable value. Prior to adopting the base stock method at November 1, 1972, these inventories were valued on the basis of moving average cost. The effect of the change results in a decrease in net earnings for the current year of \$286,000 (1973—\$108,000).

All other inventories are valued at the lower of the most recent moving average cost and net realizable value.

### 3. FIXED ASSETS

	1974		1973	
	Cost or Appraised Value \$	Accumulated Depreciation \$	Net Book Value \$	Net Book Value \$
Land—at appraised market values as at July 1, 1968	694,634	—	694,634	738,967
Land—at cost	836,815	—	836,815	721,840
	1,531,449	—	1,531,449	1,460,807



FIXED ASSETS (continued)	1974		1973	
	Cost or Appraised Value \$	Accumulated Depreciation \$	Net Book Value \$	Net Book Value \$
Buildings—at appraised market values as at July 1, 1968	2,375,879	693,716	1,682,163	1,792,211
Buildings and equipment— at cost	11,328,872	5,990,517	5,338,355	4,602,954
	13,704,751	6,684,233	7,020,518	6,395,165
	15,236,200	6,684,233	8,551,967	7,855,972

#### 4. BANK ADVANCES

Bank advances are secured by a general assignment of book debts.

#### 5. LONG-TERM DEBT

	1974 \$	1973 \$
Loans secured by mortgages on real estate and equipment		
8.745% Mortgage payable monthly, maturing December 15, 1973	—	1,354,787
Mortgage at 1½% above bank prime rate, payable monthly, maturing November 17, 1981	1,260,405	—
Sundry mortgages with varying interest rates and maturity dates to 1985	83,936	45,878
7½% Mortgage payable annually, maturing November 1, 1976	300,000	300,000
7½% Note payable in annual instalments, due November 1, 1974	75,000	150,000
7½% Convertible sinking fund debentures Series A, payable at \$150,000 per annum from May 1, 1975-1984 reduced by debentures purchased for cancellation to date totalling \$455,000	1,045,000	1,067,000
Bank loans secured by a general assignment of book debts and first floating charge— to the limit of \$1,100,000 on assets of certain subsidiaries		
Bank loan at 1½% above bank prime rate, maturing December 31, 1974	—	988,886
Bank loan at 1½% above bank prime rate, interest payable semi-annually, principal payable on maturity at July 1, 1982	600,000	—



## Notes to Consolidated Financial Statements (cont'd)

### LONG-TERM DEBT (continued)

	1974	1973
Bank loan at 1½% above bank prime rate, interest and principal payable monthly, maturing July 1, 1982	\$ 584,234	\$ —
	3,948,575	3,906,551
Less: Current portion	133,500	189,555
	3,815,075	3,716,996

### 7½% CONVERTIBLE SINKING FUND DEBENTURES SERIES A

The debentures are secured by a first floating charge on all assets of the company subject to prior security on mortgages and bank borrowings and are redeemable at 104½% of the principal to May 1, 1975, reducing one-half of one percent in each year thereafter.

Each \$1,000 of debenture principal can be converted into one hundred fully paid shares at the holder's option at any time until April 28, 1984 or on the third business day immediately preceding the date fixed for redemption, whichever is earlier.

## 6. STOCK OPTIONS

There are outstanding options granted to executives and senior employees of the Company for the purchase of 39,000 shares exercisable at \$3.95 per share, expiring January 31, 1978.

During the year options on 2,000 shares were exercised at a price of \$3.95 per share; options on 3,000 shares were cancelled.

## 7. COMMITMENTS AND CONTINGENT LIABILITIES

### (a) Obligations under long-term leases:

Obligations under certain leases to pay aggregate minimum annual rentals are as follows:

1975-1980	\$180,750
1981-1984	191,750
1985-1988	154,500
1989-1990	116,000

### (b) Notes under discount:

At October 31, 1974 contingent liability for notes under discount was \$103,700.

### (c) Guarantees:

The company is contingently liable as guarantor of bank advances to a corporate joint venture which at October 31, 1974 amounted to \$412,500.

### (d) Commitments:

Commitments for fixed asset expenditures in 1975 amount to \$350,000.





## 8. PENSION PLAN

The amount of past service costs remaining to be charged to future operations is, \$420,312, to be liquidated by annual instalments of \$44,761 over a period of four years, then annual instalments of \$42,979 for the next ten years, based on actuarial advice.

## 9. STATUTORY INFORMATION

(a) Expenses for the year include the following:

	1974	1973
	\$	\$
Depreciation	1,108,068	770,430
Interest on long-term debt	409,967	297,204
Remuneration of directors and senior officers	484,289	388,611

(b) Allocation of sales by class of business:

Metals recycling division	79,717,609	33,786,042
Steel pipe division	17,571,377	6,492,928
Other divisions	6,752,502	6,745,366
	104,041,488	47,024,336

## 10. OTHER INCOME

Other income is as follows:

	1974	1973
	\$	\$
Profit on disposal of real estate	66,289	55,432
Profit on disposal of machinery operations	37,755	—
	104,044	55,432

## 11. EARNINGS PER SHARE

	1974	1973
	\$	\$
Basic		
Net income for the year	2.99	.56
Fully diluted		
Net income for the year	2.75	.53

## 12. SUBSEQUENT EVENTS

On December 19, 1974 the company sold certain land and buildings with a net book value of \$304,000 for a total consideration of \$550,000.



# Auditors' Report to the Shareholders

We have examined the consolidated balance sheet of Intermetco Limited and its subsidiaries as at October 31, 1974 and the consolidated statements of income and retained earnings and source and use of funds for the year then ended. For Intermetco Limited and for those other companies of which we are the auditors and which are consolidated in these financial statements, our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. For one other

company consolidated and for two corporate joint ventures accounted for by the equity method we have relied on the reports of the auditors who have examined their financial statements.

In our opinion, these consolidated financial statements present fairly the financial position of the companies as at October 31, 1974 and the results of their operations and the source and use of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Hamilton, Ontario  
January 3, 1975

Coopers & Lybrand  
CHARTERED ACCOUNTANTS.

## Intermetco income properties

	1970 \$	1971 \$	1972 \$	1973 \$	1974 \$
Income producing properties less accumulated depreciation	3,209,271	3,347,066	3,269,802	2,726,334	2,563,239
Gross rental revenue	379,260	396,903	417,318	429,039	402,099
Interest expense	141,459	160,858	151,674	128,291	113,861
Depreciation	125,924	131,442	131,460	120,976	125,659
Net rental income	27,823	2,553	15,965	55,040	48,340
Additional income on sale of property	—	—	65,279	34,032	59,789
Cash flow	153,747	133,995	212,704	210,048	233,788



# Directors and Officers



---

Frank P. Goldblatt	Director and Chairman, Hamilton
Morley B. Goldblatt	Director and Vice-President, Hamilton
Marvin E. Goldblatt	Director and President, Hamilton
Abby M. Goldblatt	Director and Executive Vice-President, Hamilton
Cyrl H. Hollingshead, Q.C.	Director, Barrister and Solicitor, Toronto
Gerald O. Loach, P. Eng.	Director, Business Executive, Toronto
Albert A. Takefman	Director, Real Estate Broker, Hamilton
John J. Stortz, C.A.	Assistant to President, Burlington
Douglas L. Warner, C.A.	Secretary-Treasurer, Burlington
C. Claude Brannan	Director-Emeritus, Retired Business Executive, Burlington

Registrar & Transfer Agent  
The Royal Trust Company, Toronto

Solicitors  
Fraser & Beatty, Toronto

Bankers  
The Bank of Nova Scotia

Auditors  
Coopers & Lybrand

Stock Exchange Listing  
Toronto Stock Exchange

---



